



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
MONTGOMERY COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY
MONTGOMERY COUNTY
B. D. WILSON, COUNTY JUDGE/EXECUTIVE
FISCAL YEAR ENDED JUNE 30, 1999

On June 19, 2000, fieldwork was completed on the Montgomery County Fiscal Court Audit for the fiscal year ending June 30, 1999. An unqualified opinion was rendered on the financial statements. No reportable conditions relating to the audit of the financial statements were reported.

Deposits

As of June 30 1999, the County's deposits were fully insured or collateralized by the depository bank.

Long-term Debt

Principal balance as of June 30, 1999, was \$723,913, on outstanding revenue bonds, used to construct jail facilities.

Principal balance as of June 30, 1999, was \$476,784, on an outstanding lease agreement with the Kentucky Association of Counties Leasing Trust.

Fund Balances

On June 30, 1999 total fund balances exceeded 2 million dollars including a general fund balance in excess of 1 ½ million dollars.

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Edward B. Hatchett, Jr. Auditor of Public Accounts

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable B. D. Wilson, Montgomery County Judge/Executive

Members of the Montgomery County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Montgomery County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Montgomery County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Montgomery County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Montgomery County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of and for the year ended June 30, 1999, in conformity with the cash basis of accounting described above.

To the People of Kentucky

Honorable Paul E. Patton, Governor

John P. McCarty, Secretary

Finance and Administration Cabinet

Mike Haydon, Secretary, Revenue Cabinet

Honorable B. D. Wilson, Montgomery County Judge/Executive

Members of the Montgomery County Fiscal Court

Our audit was performed for the purpose of forming an opinion on the financial statements of Montgomery County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated June 19, 2000, on our consideration of Montgomery County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.

Auditor of Public Accounts

Audit fieldwork completed -

June 19, 2000

MONTGOMERY COUNTY OFFICIALS

Fiscal Year Ended June 30, 1999

B. D. Wilson	County Judge/Executive
Paul Cowden	County Attorney
Judy Long Witt	County Clerk
Patty Bromagen	Circuit Court Clerk
Fred Shortridge	Sheriff
Everett DeWayne Myers	Jailer
Jeff Garrison	Property Valuation Administrator
Brenda Mapel	County Treasurer
Wallace Johnson	Coroner
F. M. Sponcil	Commissioner
Tom Prewitt	Commissioner
Lloyd Cassidy	Commissioner

STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

MONTGOMERY COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:	
Cash	\$ 221,115
Investments	1,300,000
Road and Bridge Fund:	
Cash	27,472
Jail Fund:	
Cash	5,289
Jail Commissary Fund:	
Cash	40,980
Finneran Property Fund:	
Cash	6,507
Investments	75,000
Health and Civic Center Fund:	
Cash	86,098
Investments	150,000
Revolving Loan Fund:	
Cash	66,993
Investments	50,000
Fire Acres Fund:	
Cash	353
Payroll Revolving Account:	
Cash	36,056

Other Resources

General Fund:	
Amounts to be Provided in Future Years for Annex Capital	
Lease Obligations - Principal	476,784
Jail Fund:	
Amounts to be Provided in Future Years for Jail Capital	
Lease Obligations - Principal	732,913
	<hr/>
Total Assets and Other Resources	\$ 3,275,560
	<hr/>

MONTGOMERY COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS
 June 30, 1999
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund:

Capital Lease Obligation - Principal (Note 4)	\$ 476,784
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Jail Fund:

Capital Lease Obligation - Principal (Note 4)	732,913
Payroll Revolving Account	36,056

Fund Balances

Reserved:

Jail Commissary Fund	40,980
Finneran Fund	81,507
Health and Civic Center Fund	236,098
Revolving Loan Fund	116,993
Fire Acres Fund	353

Unreserved:

General Fund	1,521,115
Road and Bridge Fund	27,472
Jail Fund	5,289

Total Liabilities and Fund Balances	<u>\$ 3,275,560</u>
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The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

MONTGOMERY COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Regional Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 5,564,921	\$ 3,414,662	\$ 707,396	\$ 1,128,841
Transfers In	1,046,021	105,045	675,000	223,000
Kentucky Advance Revenue Program	1,971,240	1,901,510	69,730	
Jail Commissary Fund Receipts	100,789			
Total Cash Receipts	<u>\$ 8,682,971</u>	<u>\$ 5,421,217</u>	<u>\$ 1,452,126</u>	<u>\$ 1,351,841</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 5,824,407	\$ 2,866,383	\$ 1,362,565	\$ 1,255,776
Transfers Out	1,046,021	940,976		105,045
Jail Capital Lease Obligation Principal	26,102			26,102
Annex Capital Lease Obligation Principal	69,818	69,818		
Kentucky Advance Revenue Program Repaid	1,971,240	1,901,510	69,730	
Jail Commissary Fund Expenditures	124,658			
Total Cash Disbursements	<u>\$ 9,062,246</u>	<u>\$ 5,778,687</u>	<u>\$ 1,432,295</u>	<u>\$ 1,386,923</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	<u>\$ (379,275)</u>	<u>\$ (357,470)</u>	<u>\$ 19,831</u>	<u>\$ (35,082)</u>
Cash Balance - July 1, 1998*	<u>2,409,082</u>	<u>1,878,585</u>	<u>7,641</u>	<u>40,371</u>
Cash Balance - June 30, 1999*	<u><u>\$ 2,029,807</u></u>	<u><u>\$ 1,521,115</u></u>	<u><u>\$ 27,472</u></u>	<u><u>\$ 5,289</u></u>

* Cash Balance Includes Investments

MONTGOMERY COUNTY
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCES
Fiscal Year Ended June 30, 1999
(Continued)

Regional Jail Commissary Fund	Local Government Economic Assistance Fund	Finneran Property Fund	Health and Civic Center Fund	Emergency Food and Shelter Fund	Juvenile Justice Fund
\$	\$ 80,208	\$ 4,515	\$ 133,779	\$ 4,313	\$ 17,480
					42,976
100,789					
\$ 100,789	\$ 80,208	\$ 4,515	\$ 133,779	\$ 4,313	\$ 60,456
\$	\$ 119,316	\$ 5,463	\$ 122,801	\$ 8,473	\$ 60,456
124,658					
\$ 124,658	\$ 119,316	\$ 5,463	\$ 122,801	\$ 8,473	\$ 60,456
\$ (23,869)	\$ (39,108)	\$ (948)	\$ 10,978	\$ (4,160)	\$ 0
64,849	39,108	82,455	225,120	4,160	0
\$ 40,980	\$ 0	\$ 81,507	\$ 236,098	\$ 0	\$ 0

MONTGOMERY COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 Fiscal Year Ended June 30, 1999
 (Continued)

<u>Cash Receipts</u>	<u>Revolving Loan Fund</u>	<u>Fire Acres Fund</u>
Schedule of Operating Revenue	\$ 73,547	\$ 180
Transfers In		
Kentucky Advance Revenue Program		
Jail Commissary Fund Receipts		
Total Cash Receipts	<u>\$ 73,547</u>	<u>\$ 180</u>
<u>Cash Disbursements</u>		
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 23,174	\$
Transfers Out		
Jail Capital Lease Obligation		
Principal		
Annex Capital Lease Obligation		
Principal		
Kentucky Advance Revenue Program		
Repaid		
Jail Commissary Fund Expenditures		
Total Cash Disbursements	<u>\$ 23,174</u>	<u>\$ 0</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 50,373	\$ 180
Cash Balance - July 1, 1998*	<u>66,620</u>	<u>173</u>
Cash Balance - June 30, 1999*	<u><u>\$ 116,993</u></u>	<u><u>\$ 353</u></u>

* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Montgomery County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Regional Jail Commissary Fund as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Montgomery county budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Montgomery County Fiscal Court: Tourism Commission, Parks and Recreation, Water Districts, and Sanitation District #1 and #2.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 3. Deposits and Investments

A. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 1999, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Long-Term Debt

A. The Kentucky Local Correctional Facilities Construction Authority, (KLCFCA) an independent corporate agency and instrumentality of the Commonwealth of Kentucky, issued revenue bonds in the amount of \$3,980,885 for the purpose of construction of jail facilities throughout the state. The Montgomery County Fiscal Court subsequently entered into a lease and participation agreement with the KLCFCA for \$961,340 principal and a proportional share of interest on the issue. Principal outstanding as of June 30, 1999 totaled \$732,913. Debt service requirements due in fiscal year ended June 30, 2000 are principle of \$27,757, and interest of \$45,714.

<u>Fiscal Year</u>	<u>Interest Payment</u>	<u>Principal Payment</u>
1999-2000	\$ 45,714	\$ 27,757
2000-2001	43,778	29,517
2001-2002	41,847	31,389
2002-2003	39,793	33,379
2003-2004	37,610	35,496
2004-2014	<u>222,923</u>	<u>575,375</u>
Total	<u>\$ 431,665</u>	<u>\$ 732,913</u>

MONTGOMERY COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 1999
(Continued)

Note 4. Long-Term Debt (Continued)

B. The County entered into a lease agreement on June 2, 1995, with Kentucky Association of Counties Leasing Trust for renovation of the courthouse annex. The original principal was \$750,000. The interest rate is 4 percent and termination date is June 1, 2005. The principal outstanding as of June 30, 1999, is \$476,784. Debt service requirements due in fiscal year ending June 30, 2000 are principal of \$72,677, and interest of \$18,201.

<u>Fiscal Year</u>	<u>Interest Payment</u>	<u>Principal Payment</u>
1999-2000	\$ 18,201	\$ 72,677
2000-2001	15,247	76,077
2001-2002	12,155	79,644
2002-2003	8,918	83,360
2003-2004	5,530	87,259
2004-2005	1,983	77,767
Total	<u>\$ 62,034</u>	<u>\$ 476,784</u>

COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

MONTGOMERY COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 3,866,621	\$ 3,414,662	\$ (451,959)
Road and Bridge Fund	1,668,888	707,396	(961,492)
Jail Fund	1,433,676	1,128,841	(304,835)
Local Government Economic Assistance Fund	86,742	80,208	(6,534)
Finneran Fund	4,060	4,515	455
Health and Civic Center Fund	81,241	133,779	52,538
Emergency Food and Shelter Fund	8,500	4,313	(4,187)
Juvenile Justice Fund	100,000	17,480	(82,520)
Revolving Loan Fund	70,403	73,547	3,144
Fire Acres Fund	127	180	53
Totals	<u>\$ 7,320,258</u>	<u>\$ 5,564,921</u>	<u>\$ (1,755,337)</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 7,320,258
Add: Budgeted Prior Year Surplus	2,340,076
Less: Other Financing Uses	<u>(2,235,402)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 7,424,932</u>

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SCHEDULE OF OPERATING REVENUE

MONTGOMERY COUNTY
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Regional Jail Fund
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 398,502	\$ 398,322	\$	\$
Tangible Personal Property	82,160	82,160		
Solid Waste Taxes	59,322	59,322		
Excess Fees - 1998	34,489	34,489		
County Clerk:				
Deed Transfer Tax	44,299	44,299		
Delinquent Taxes	6,585	6,585		
Excess Fees - 1998	191,931	191,931		
Tangible Personal Property Taxes:				
Other Counties	20,075	20,075		
County Clerk	102,771	102,771		
Occupational Employment Tax	1,470,963	1,470,963		
Bank Franchise Taxes	69,958	69,958		
Net Profits Taxes	383,708	383,708		
OVA Franchise Taxes	22,012	22,012		
Franchise Taxes - Other	51,808	51,808		
Totals	\$ 2,938,583	\$ 2,938,403	\$ 0	\$ 0
<u>U.S. Treasurer</u>				
Housing Prisoners	\$ 125	\$ 0	\$ 0	\$ 125
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grant - 1997 Flood Relief	\$ 10,414	\$ 0	\$ 10,414	\$ 0

Local Government Economic Assistance Fund	Finneran Property Fund	Health and Civic Center Fund	Emergency Food and Shelter Fund	Juvenile Justice Fund	Revolving Loan Fund
\$	\$	\$	\$	\$	\$
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0
\$0	\$0	\$0	\$0	\$0	\$0

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MONTGOMERY COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Fire Acres Fund
Revenue From Local Taxes <u>and Excess Fees</u>	
Sheriff:	
Taxes	\$ 180
Tangible Personal Property	
Solid Waste Taxes	
Excess Fees - 1998	
County Clerk:	
Deed Transfer Tax	
Delinquent Taxes	
Excess Fees - 1998	
Tangible Personal Property Taxes:	
Other Counties	
County Clerk	
Occupational Employment Tax	
Bank Franchise Taxes	
Net Profits Taxes	
OVA Franchise Taxes	
Franchise Taxes - Other	
Totals	<u>\$ 180</u>
<u>U.S. Treasurer</u>	
Housing Prisoners	<u>\$ 0</u>
<u>Federal Receipts - State Treasurer</u>	
Disaster and Emergency Assistance	
Grant - 1997 Flood Relief	<u>\$ 0</u>

MONTGOMERY COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Regional Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 94,333	\$	\$	\$ 94,333
Medical Allotments	6,096			6,096
Driving Under The Influence Fee	5,490			5,490
Housing State Prisoners	261,366			261,366
Court Costs, Jail Operation	12,757			12,757
Jail Contract with Other Counties	307,689			307,689
Housing Juveniles	6,700			6,700
Class D Felons	332,033			332,033
County Road Aid	470,119		470,119	
Jeffersonville Road Money	28,709		28,709	
Truck License Distribution	161,449		161,449	
Juvenile Reimbursement	17,480			
State Rent on Health Center	78,944			
Refunds:				
Legal Process Tax	147	147		
Drivers Licenses	2,148		2,148	
Dog Licenses	5,894	5,894		
Election	8,670	8,670		
Severance Taxes:				
Coal	40,240			
Mineral	39,968			
Disaster and Emergency Services Reimbursement	7,779	7,779		
Totals	<u>\$ 1,888,011</u>	<u>\$ 22,490</u>	<u>\$ 662,425</u>	<u>\$ 1,026,464</u>
<u>Miscellaneous Revenue</u>				
Interest	\$ 181,555	\$ 162,406	\$ 1,975	\$ 0
Circuit Court Clerk:				
Work Release	11,279			11,279
Bond Acceptance Fee - Jail	9,105			9,105

Local Government					
Economic Assistance Fund	Finneran Property Fund	Health and Civic Center Fund	Emergency Food and Shelter Fund	Juvenile Justice Fund	Revolving Loan Fund
\$	\$	\$	\$	\$	\$
				17,480	
		78,944			
40,240					
39,968					
\$ 80,208	\$ 0	\$ 78,944	\$ 0	\$ 17,480	\$ 0
\$ 0	\$ 4,515	\$ 8,636	\$	\$	\$ 4,023

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MONTGOMERY COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Fire Acres Fund
<u>Kentucky State Treasurer</u>	
Jail:	
Allotments	\$
Medical Allotments	
Driving Under The Influence Fee	
Housing State Prisoners	
Court Costs, Jail Operation	
Jail Contract with Other Counties	
Housing Juveniles	
Class D Felons	
County Road Aid	
Jeffersonville Road Money	
Truck License Distribution	
Juvenile Reimbursement	
State Rent on Health Center	
Refunds:	
Legal Process Tax	
Drivers Licenses	
Dog Licenses	
Election	
Severance Taxes:	
Coal	
Mineral	
Disaster and Emergency Services	
Reimbursement	
Totals	\$ 0
<u>Miscellaneous Revenue</u>	
Interest	\$
Circuit Court Clerk:	
Work Release	
Bond Acceptance Fee - Jail	

MONTGOMERY COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Regional Jail Fund
<u>Miscellaneous Revenue</u>				
(Continued)				
Jail:				
Telephone Commission Refunds	\$ 16,634	\$	\$	\$ 16,634
Medical Reimbursement - Jail	57,801			57,801
Courthouse Rental	65,540	65,540		
Licenses and Permits:				
Building Permits	20,124	20,124		
Solid Waste Truck Permit	4,900	4,900		
Gateway Health Rent	30,361			
Rent	11,037			
Charges for Services:				
Emergency 911 Fees	114,870	114,870		
Vending Machines	6,448	5,583		865
Telephone Commissions - Other	4,801			
County Attorney Secretary Salary	9,440	9,440		
Annex Rental	32,940	32,940		
Miscellaneous Items	150,953	37,966	32,582	6,568
Totals	\$ 727,788	\$ 453,769	\$ 34,557	\$ 102,252
Total Operating Revenue	\$ 5,564,921	\$ 3,414,662	\$ 707,396	\$ 1,128,841

MONTGOMERY COUNTY
SCHEDULE OF OPERATING REVENUE
Fiscal Year Ended June 30, 1999
(Continued)

Local Government Economic Assistance Fund	Finneran Property Fund	Health and Civic Center Fund	Emergency Food and Shelter Fund	Juvenile Justice Fund	Revolving Loan Fund
\$	\$	\$	\$	\$	\$
		30,361 11,037			
		4,801			
			4,313		69,524
\$ 0	\$ 4,515	\$ 54,835	\$ 4,313	\$ 0	\$ 73,547
\$ 80,208	\$ 4,515	\$ 133,779	\$ 4,313	\$ 17,480	\$ 73,547

MONTGOMERY COUNTY
 SCHEDULE OF OPERATING REVENUE
 Fiscal Year Ended June 30, 1999
 (Continued)

	Fire Acres Fund
<u>Miscellaneous Revenue</u>	
(Continued)	
Jail:	
Telephone Commission Refunds	\$
Medical Reimbursement - Jail	
Courthouse Rental	
Licenses and Permits:	
Building Permits	
Solid Waste Truck Permit	
Gateway Health Rent	
Rent	
Charges for Services:	
Emergency 911 Fees	
Vending Machines	
Telephone Commissions - Other	
County Attorney Secretary Salary	
Annex Rental	
Miscellaneous Items	.
Totals	. \$ 0
Total Operating Revenue	: \$ 180

COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

MONTGOMERY COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final</u> <u>Budget</u>	<u>Budgeted</u> <u>Expenditures</u>	<u>Under</u> <u>(Over)</u> <u>Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 60,908	\$ 55,343	\$ 5,565
Administrative Assistant	30,060	30,060	
Secretaries	18,000	18,000	
Other Salaries	1,000	384	616
Office Materials and Supplies	4,500	4,283	217
New Office Equipment	4,000	2,276	1,724
County Judge/Administrative Assistant			
Expenses	3,500	2,670	830
Computer Maintenance	2,000		2,000
Vehicle	24,899	24,899	
New Equipment	8,678	8,678	
Office of County Attorney:			
Salaries-			
County Attorney	15,290	15,290	
Assistant County Attorney	15,000	15,000	
Secretaries	9,440	9,440	
Telephone	2,500	1,901	599
Office of County Clerk:			
County Clerk's Salary	60,908	55,343	5,565
Micro-Film	1,000	797	203
Office Materials and Supplies	15,000	13,599	1,401
Printing and Binding	5,000	2,450	2,550
New Office Equipment	5,233	4,002	1,231
Tax Bill Preparation	9,267	9,267	
Office of Sheriff:			
Salaries-			
Sheriff	60,908	52,245	8,663
Deputies	163,909	163,908	1
Community Security	5,000	2,650	2,350
Advertising Tax Bills	3,600	3,576	24

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Sheriff: (Continued)			
Maintenance	\$ 3,295	\$ 3,075	\$ 220
Materials and Supplies	1,822	1,653	169
New Equipment	26,705	26,704	1
Telephone	2,000	1,294	706
Uniforms	5,000	4,523	477
Office of County Coroner:			
County Coroner Salary	9,700	9,664	36
Fees	9,000	7,385	1,615
Fiscal Court:			
Commissioners-			
Salaries	20,840	20,045	795
Expense Allowance	10,800	10,800	
Advertising and Legal	4,060	4,060	
Postage	15,000	13,944	1,056
Other Expenses	6,500	6,323	177
Miscellaneous	1,000	759	241
Fiscal Court Clerk Salary	2,400	2,400	
Office of Property Valuation Administrator:			
Statutory Contribution	28,500	27,500	1,000
Office of Board of Assessment Appeals:			
Per Diem	1,000	500	500
Office of County Treasurer:			
Salaries-			
County Treasurer	30,060	30,060	
Other Salaries	10,636	10,636	
Returned Checks	1,000	59	941
Computer Maintenance	2,730	2,730	
Office Materials and Supplies	4,669	4,669	
New Office Equipment	965		965
Other Expenses	2,000	1,856	144

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Tax Administration:			
Tax Director Salary	\$ 17,425	\$ 17,425	\$
Office Materials and Supplies	3,000	2,858	142
Refunds	5,000	669	4,331
County Law Library:			
Law Librarian Salary	1,200	1,200	
Elections:			
Per Diem-			
Election Commissioners	1,675	1,675	
Election Officers	15,301	15,301	
Printing and Advertising	20,000	15,953	4,047
Materials and Supplies	19,699	2,635	17,064
New Equipment	5,000	3,995	1,005
Poll Rental	325	200	125
Economic Development:			
Contribution	60,000	60,000	
Montgomery County Industrial Development	250,000	229,453	20,547
Courthouse:			
Janitor Salary	43,672	33,941	9,731
Maintenance	20,000	9,748	10,252
Utilities	30,000	18,491	11,509
Improvements or New Construction	38,728	19,520	19,208
Materials and Supplies	4,000	2,593	1,407
New Equipment	5,000	1,486	3,514
Annex Building:			
Custodian Salary	15,582	15,582	
Materials and Supplies	3,418	1,683	1,735
Maintenance	20,000	11,226	8,774
Capital Improvements	30,000	9,008	20,992
Utilities	35,000	31,448	3,552

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u>			
County Surveyor:			
Expenses	\$ 1,000	\$	\$ 1,000
Building Code Enforcement:			
Salaries	27,000	27,000	
County Building Inspections	5,000	4,113	887
Disaster and Emergency Services:			
Salaries-			
Director	14,750	14,750	
Automobile			
Emergency Materials and Supplies	2,000	305	1,695
Office Materials and Supplies	500	20	480
Travel	1,000	746	254
Telephone and Utilities	2,000	1,910	90
Ambulance Service:			
Salaries	3,000	3,000	
Emergency 911 Coordinator	2,962	2,962	
Emergency 911 Charge	45,167	45,167	
Ambulance Grant	10,000		10,000
Repairs and Maintenance	23,316	23,316	
Travel Reimbursements	572	572	
Forestry Fire Protection:			
Kentucky State Treasurer	650	624	26
Drug Enforcement:			
Narcotics Task Force	8,301	8,301	
Office of Public Defender:			
Contribution	2,445	2,445	

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Health and Sanitation</u>			
Dog Control:			
Salaries:			
Dog Warden	\$ 17,750	\$ 17,750	\$
Other Salaries	15,080	15,080	
Maintenance	1,500	843	657
Operations	5,000	3,565	1,435
Supplies	2,980	2,586	394
Telephone	4,500	2,286	2,214
Truck Expense	1,000	136	864
Animal Shelter	190,000	167,105	22,895
Sanitary Landfill:			
Contract	25,000	24,750	250
109 Board:			
Board and Committee Member Fees	2,500	1,575	925
Solid Waste Collection:			
Contracted Services	26,200	26,200	
Operating Expenses	10,112	9,738	374
Dead Animals:			
Removal	15,388	15,388	
Soil And Water Conservation:			
Contribution	17,810	17,808	2
<u>Social Services</u>			
Mental Health Evaluations:			
Contribution	3,000	2,029	971
Drug Testing	3,000	381	2,619

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Social Services</u> (Continued)			
Senior Citizens Program:			
Contribution	\$ 29,400	\$ 29,253	\$ 147
Cemeteries and Memorials:			
Pauper Burials	2,500	2,200	300
Other Social Service Programs:			
JOBS Program	1,000	250	750
DOVES Program	2,500	2,500	
<u>Recreation and Culture</u>			
Parks:			
Camargo and Jeffersonville Parks	20,000	12,257	7,743
Airport:			
Contribution	25,000	24,996	4
Other Recreation Programs:			
Recreation Commissioner	40,000	39,996	4
Tourism Commissioner	15,000	15,000	
<u>Debt Service</u>			
Borrowed Money:			
Kentucky Advanced Revenue Program-			
Interest	50,000	41,601	8,399
Note Payment	13,723	13,723	
Lease:			
Other Financing Uses:			
Interest	27,160	22,386	4,774

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Administration</u>			
General Services:			
Auditing Services	\$ 20,000	\$ 17,977	\$ 2,023
Bonds	7,000	4,292	2,708
KALF Assessment	17,160	16,697	463
Liability Insurance	77,000	50,975	26,025
Bank Charges	200	2	198
Memberships:			
ADD	4,000	2,934	1,066
KACO	900	900	
Other	4,900	2,702	2,198
Publications	700	700	
Registrations, Conferences, and Training	5,100	5,022	78
Trustee's Lunches	4,099	4,099	
Vending Machines	5,400	5,355	45
Maintenance	51,272	51,272	
Contingent Appropriations:			
Reserve for Transfers	497,175		497,175
Payroll Tax:			
City Allocation	719,390	719,390	
Fringe Benefits:			
County Contributions-			
Social Security	42,000	40,877	1,123
Retirement	45,000	44,373	627
Health Insurance	60,000	42,714	17,286
Worker's Compensation	20,000	14,132	5,868
Unemployment Insurance	4,000	2,567	1,433
Total Operating Budget	\$ 3,675,369	\$ 2,866,383	\$ 808,986

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
Other Financing Uses:			
Annex Capital Lease Obligations- Principal	\$ 69,840	\$ 69,818	\$ 22
Kentucky Advance Revenue Program- Principal	2,000,000	1,901,510	98,490
Total General Fund	\$ 5,745,209	\$ 4,837,711	\$ 907,498

ROAD AND BRIDGE FUND

Roads

Office of Road Supervisor/Engineer:

Road Supervisor Salary	\$ 38,060	\$ 38,060	\$
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Road Maintenance:

Salaries-			
Road Labor	350,000	279,987	70,013
Equipment	25,632	25,632	
Garage Supplies	5,000	3,762	1,238
Gasoline	40,000	19,324	20,676
General Construction Materials	769,559	722,180	47,379
Machinery and Equipment-			
Repairs	55,695	55,259	436
New Road Machinery	72,132	72,132	
Signs	7,000	6,831	169
Salt	10,806	5,265	5,541
Tools	3,694	3,694	
Utilities	12,041	11,281	760
Uniforms	12,000	8,943	3,057
Other Materials and Supplies	1,000		1,000
Flood Relief	424		424

Debt Service:

Interest	1,526	1,526	
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MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Administration</u>			
Fringe Benefits:			
County Contributions-			
Retirement	\$ 34,000	\$ 26,236	\$ 7,764
Social Security	30,000	22,607	7,393
Health Insurance	43,000	39,342	3,658
Worker's Compensation	22,000	18,047	3,953
Unemployment Insurance	3,500	2,457	1,043
Total Operating Budget	\$ 1,537,069	\$ 1,362,565	\$ 174,504
Other Financing Uses:			
Kentucky Advance Revenue Program-			
Principal	139,460	69,730	69,730
Total Road and Bridge Fund	\$ 1,676,529	\$ 1,432,295	\$ 244,234

JAIL FUND

Protection to Persons and Property

Office of Jailer:			
Personnel Services-			
Salaries-			
Jailer	\$ 60,908	\$ 55,343	\$ 5,565
Jail Personnel	514,831	514,831	
Medical Personnel	16,000	11,928	4,072
Food Service Personnel	42,800	40,434	2,366
Administrative Personnel	24,171	24,171	
Cleaning Supplies	18,000	16,517	1,483
Food	150,000	142,027	7,973
Jail Linens	4,000	3,034	966
Office Supplies	7,000	5,099	1,901
Prisoner Clothing	2,000	927	1,073
Prisoner Hygiene	3,500	1,999	1,501
Routine Medical	125,000	75,430	49,570

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND (Continued)</u>			
<u>Protection to Persons and Property</u> (Continued)			
Office of Jailer: (Continued)			
Operations-			
Staff Uniforms	\$ 5,000	\$ 2,200	\$ 2,800
Staff Travel	6,000	5,073	927
Telephone	5,000	3,009	1,991
Utilities	70,000	69,534	466
Vehicle	15,000	5,625	9,375
Housing Prisoners - Other Counties	1,000	275	725
Miscellaneous Operating Expenses	1,100	1,096	4
Maintenance-			
Building Repairs	21,884	21,595	289
Equipment Repairs	25,000	14,494	10,506
Pest Control	300		300
Equipment-			
Data Processing	1,000		1,000
Food Service	2,000	442	1,558
Communication	900	80	820
Other Equipment	5,000	4,755	245
<u>Debt Service</u>			
Lease:			
Other Financing Uses:			
Interest	48,130	47,301	829
<u>Administration</u>			
General Services:			
Insurance- Building and Contents	3,400	3,400	
Dues	550	550	
Staff Training	1,000	745	255
Contingent Appropriations:			
Reserve for Transfers	66,936		66,936

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Administration</u> (Continued)			
Fringe Benefits:			
County Contributions-			
Retirement	\$ 52,500	\$ 49,566	\$ 2,934
Social Security	46,500	45,813	687
Health Insurance	70,985	70,985	
Worker's Compensation	24,550	12,602	11,948
Unemployment Insurance	6,000	4,896	1,104
Total Operating Budget	\$ 1,447,945	\$ 1,255,776	\$ 192,169
Other Financing Uses:			
Jail Capital Lease Obligations-			
Principal	26,102	26,102	
Total Jail Fund	\$ 1,474,047	\$ 1,281,878	\$ 192,169
LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND			
<u>Capital Projects</u>			
Road Construction	\$ 125,850	\$ 119,316	\$ 6,534
<u>FINNERAN PROPERTY FUND</u>			
<u>Capital Projects</u>			
Buildings:			
Capital Improvements	\$ 11,515	\$ 5,463	\$ 6,052
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Transfer	75,000		75,000
Total Finneran Property Fund	\$ 86,515	\$ 5,463	\$ 81,052

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>HEALTH AND CIVIC CENTER FUND</u>			
<u>General Health and Sanitation</u>			
Health Programs:			
Custodian	\$ 45,000	\$ 35,892	\$ 9,108
Capital Improvements	50,000	38,790	11,210
Maintenance	15,000	5,955	9,045
Supplies	6,000	3,400	2,600
Utilities	27,000	24,546	2,454
Vending Machines	4,000	3,203	797
Miscellaneous	1,000		1,000
<u>Administration</u>			
Contingent Appropriations:			
Reserve for Transfers	140,261		140,261
Fringe Benefits:			
County Contribution-			
Retirement	4,500	2,996	1,504
Social Security	4,000	2,568	1,432
Health Insurance	6,000	3,924	2,076
Unemployment Insurance	600	327	273
Worker's Compensation	3,000	1,200	1,800
Total Health and Civic Center Fund	<u>\$ 306,361</u>	<u>\$ 122,801</u>	<u>\$ 183,560</u>
<u>EMERGENCY FOOD AND SHELTER FUND</u>			
<u>Social Services</u>			
General Welfare	<u>\$ 8,500</u>	<u>\$ 8,473</u>	<u>\$ 27</u>

MONTGOMERY COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 Fiscal Year Ended June 30, 1999
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JUVENILE JUSTICE FUND</u>			
<u>Protection to Persons and Property</u>			
Juvenile Detention:			
Lodging	\$ 96,500	\$ 57,957	\$ 38,543
Medical Services	1,000	450	550
Transporting	2,500	2,049	451
Total Juvenile Justice Fund	<u>\$ 100,000</u>	<u>\$ 60,456</u>	<u>\$ 39,544</u>
<u>REVOLVING LOAN FUND</u>			
<u>Debt Service</u>			
Revolving Loan:			
Jeffersonville Loan	\$ 23,175	\$ 23,174	\$ 1
Revolving Loans	113,848		113,848
Total Revolving Loan Fund	<u>\$ 137,023</u>	<u>\$ 23,174</u>	<u>\$ 113,849</u>
<u>FIRE ACRES FUND</u>			
<u>Protection to Persons and Property</u>			
Fire Protection	<u>\$ 300</u>	<u>\$</u>	<u>\$ 300</u>
Total Operating Budget - All Funds	\$ 7,424,932	\$ 5,824,407	\$ 1,600,525
Other Financing Uses:			
Annex Capital Lease Obligations-			
Principal	69,840	69,818	22
Jail Capital Lease Obligations-			
Principal	26,102	26,102	
Kentucky Advance Revenue Program-			
Principal	2,139,460	1,971,240	168,220
TOTAL BUDGET - ALL FUNDS	<u><u>\$ 9,660,334</u></u>	<u><u>\$ 7,891,567</u></u>	<u><u>\$ 1,768,767</u></u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Honorable B. D. Wilson, Montgomery County Judge/Executive
Members of the Montgomery County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Montgomery County Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated June 19, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Montgomery County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Montgomery County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be A material weakness.

Honorable B. D. Wilson, Montgomery County Judge/Executive
Members of the Montgomery County Fiscal Court
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
June 19, 2000

**CERTIFICATION OF COMPLIANCE – LOCAL
GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

MONTGOMERY COUNTY FISCAL COURT

Fiscal Year Ended June 30, 1999

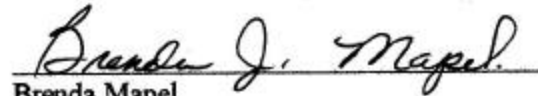
Appendix A

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
MONTGOMERY COUNTY FISCAL COURT

The Montgomery County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.

A handwritten signature in black ink, appearing to read "B. D. Wilson", written over a horizontal line.

B. D. Wilson
County Judge/Executive

A handwritten signature in black ink, appearing to read "Brenda J. Mapel", written over a horizontal line.

Brenda Mapel
County Treasurer